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SUBJECT: KAZAKHSTAN: POLITICAL ANALYST DISCUSSES "HAWKS AND DOVES"

AROUND THE PRESIDENT

Classified By: Ambassador Richard E. Hoagland: 1.4 (b), (d)

¶11. (C) SUMMARY: Independent political analyst XXXXXXXXXXXXXXX believes that the elites surrounding President Nazarbayev are split into two camps -- the "hawks" and the "doves." The hawks, or the "old guard," believe that the international community can do little but accept Kazakhstan "as is" because of its vast natural resources and strategic geopolitical position. The doves, or relatively progressive forces, strive to create some image (if not always reality) of progress on liberalization. In his view, Kazakhstan's political system has grown into a "caste system" that is hard to penetrate without the necessary family connections, and President Nazarbayev is growing insulated and aloof. He told us that business and political elites are growing increasingly "nervous," as they strive to discern what is happening and what it means for them and the country's leadership. END SUMMARY.

THE HAWKS AND THE DOVES

¶12. (C) Independent political analyst XXXXXXXXXXXXXXX told the DCM on September 22 that the political elite surrounding President Nazarbayev is solidly split into two camps -- "the hawks and the doves." Hawks are those who believe that Kazakhstan will be accepted by the international community "as is" because of its vast natural resources and strategic geopolitical position. The doves are those "who at least want to create the image of progress," especially for foreign audiences. President Nazarbayev makes all the major political decisions, but his decisions depend on which group has his ear. Kazakhstan's implementation of the "Madrid Commitments" illustrates this dichotomy, said XXXXXXXXXXXXXXX. In his view, former Foreign Minister Tazhin had Nazarbayev's full backing when he committed at the 2007 OSCE Ministerial to liberalize Kazakhstan's laws on political parties, elections, and the media. However, "the hawks got the President's ear" and convinced him that any major legislative changes would destabilize the country's political situation. As a result, "all you got were cosmetic changes," said XXXXXXXXXXXXXXX.

¶13. (C) The hawks, in XXXXXXXXXXXXXXX's view, are the "old guard" -- remnants of the Soviet power machine who remained close to President Nazarbayev as he rose to power. XXXXXXXXXXXXXXX, and other contacts, named Akhmetzhan Yesimov, the mayor of Almaty, and Nuratay Abykayev, First Deputy Foreign Minister, as "the head hawks." Yesimov, who is rumored to be Nazarbayev's distant cousin, has served as the Deputy Prime Minister, the Minister of Agriculture, and was Kazakhstan's Ambassador to Belgium from 1998 to 2001. Abykayev, whom one

interlocutor called "the gray cardinal," was Kazakhstan's Ambassador to Russia from 2007 to October 2008. Before that posting, he served as the Speaker of the Senate, Head of Presidential Administration, and Chairman of the Committee for National Security (KNB). Some analysts allege that Abykayev was the master-mind behind the 2006 unresolved killing of opposition leader Altynbek Sarsenbayuly and his two associates, although the connection has never been proven. Both Abykayev and Yesimov have had ups and downs in their careers, but Nazarbayev has always kept them among the top political elite. Other people who fall into the conservative camp are the former chief of Presidential Administration Vladimir Nee, Daniyal Akhmetov, the former Minister of Defense, and Presidential Advisor Yermukhambet Yertysbayev. (NOTE: Yertysbayev on occasion comes out with liberal public statements, but our NGO contacts believe he does this more to create a media sensation rather than to express his own liberal motivations. END NOTE.) The current chairman of the Committee for National Security (KNB) Amangeldy Shabdaryev is also believed to be a staunch conservative, although the organization itself, according to XXXXXXXXXXXX, is not a strong force onto itself, but rather a tool "for the highest bidder." And, reportedly includes in its top ranks both hawks and doves.

¶ 4. (C) The doves, in the view of XXXXXXXXXXXX and others, are the younger generation of Kazakhstan's political and business leaders, including those with strong business links to the West. Several interlocutors named Prime Minister Karim Masimov and Timur Kulibayev, President Nazarbayev's son-in-law, as the "forward-thinking" camp. XXXXXXXXXXXX told us that "Kulibayev's people are everywhere" -- Energy Minister Sauat Mynbayev, Temir Zholy president Askar Mamim, the owner of KazKommertsBank (KKB) Nurzhan Subkhanberdin, and the majority of the Cabinet are thought to be in his camp. In a July 21 conversation with the Ambassador, Jay Johnson, Managing Director of Chevron's

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Eurasia Business, noted that Kulibayev is significantly expanding his role and influence. Johnson noted that Kulibayev has gone from occupying a ceremonial role as chairman of KazEnergy, to become Deputy Chairman of Samruk-Kazyna, and Chairman of KazMunaiGas (KMG), KazAtomProm, and KazakhMys. Johnson said he is consolidating his power and control over the economy, although he noted that Kulibayev still maintains a relatively low political profile. "That's been his M.O. He's always in the background. He's rarely the number one guy, out in front." [COMMENT: We hasten to add that none of our many interlocutors, across the political spectrum, are willing to say that Nazarbayev is positioning Kulibayev as "successor." END COMMENT.]

POLITICAL CASTE SYSTEM

¶ 5. (C) XXXXXXXXXXXX alleged that the Kazakhstani political system -- the several score top figures who rotate among the top economic and political jobs within the system -- has calcified into a rigid "caste system" that is impossible to penetrate unless one has the necessary family connections. He discounted the role of the younger, Western-educated elites, who, he says, may "curse the rigid regime" in private but can do little to change the system. (NOTE: The government's scholarship program "Bolashak" has educated close to 6,000 Kazakhstani students at Western universities, and many of them have returned to take positions in the government and in the private sector. END NOTE.)

¶ 6. (C) We heard similar ideas from XXXXXXXXXXXX, independent economist and former opposition politician who held several high-level posts in the Kazakhstani government in the 1990s. XXXXXXXXXXXX told us that in the 1990s, Nazarbayev surrounded himself with "competent individuals" willing to tell him the truth. However, in recent years, he has grown "insulated and removed."

¶ 7. (C) Several interlocutors also alleged to us that "government has grown unpredictable." Chevron's Jay Johnson commented on the general mood of the government to the Ambassador and said, "There is such a fight going on now. People are scared to death. There is such anxiety and uncertainty about what will happen in 2012 (NOTE: when presidential elections are scheduled to be held. END NOTE) that it has started to affect our projects." Johnson said that even mid-level bureaucrats are intimidated by the recent round of firings and prosecutions. "They see (former KMG president Serik) Berkitbayev

go to jail, (former KazAtomProm president Mukhtar) Dzhakishev go to jail, (former Minister of Defense Daniel) Akhmetov get fired. They're just terrified to do or sign anything." He said the mid-level officials he deals with on a daily basis are afraid of being held responsible if things go south.

GENTLEMEN, PLACE YOUR BETS

¶ 18. (C) According to XXXXXXXXXXXX, Kazakhstan's political and business elite are preoccupied with the question of Nazarbayev's successor. "The elites are very nervous," he said, "because they do not know who to bet on." XXXXXXXXXXXX believes that the old guard would back whomever Nazarbayev chose, and the successor would certainly need this backing to survive. However, the business elites, "the young and ambitious," do not know with whom to align themselves, and the Presidential Administration is not offering any clues. XXXXXXXXXXXX used the example of Russia's oligarchs and Putin -- "Abramovich backed Putin when he first came to power, while Berezovsky and Khodorkovsky thought they could operate independently. Everybody here wants to be Abramovich [super-rich and mostly living abroad] and to avoid Khodorkovsky's fate" [in prison in Siberia].

¶ 19. (C) XXXXXXXXXXXX sees three possible scenarios for the succession: first, election of the successor, with Nazarbayev willingly stepping aside; second, nominal appointment of the successor, while Nazarbayev maintains the real power and continues to rule from the sidelines; finally, Nazarbayev's unexpected death without a clear successor, which forces the elite groups to maneuver for power. The third option is the worst for Kazakhstan, said XXXXXXXXXXXX. A vicious fight for control of property and power would surely follow.

¶ 10. (C) COMMENT: We fully agree that the circle of Nazarbayev's advisors has its progressive liberals and its retrograde dinosaurs. This dichotomy has existed since Kazakhstan's independence, and Nazarbayev has deftly managed a balance between the two groups. XXXXXXXXXXXX's version of how the hawks see the outside world may help

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explain why Kazakhstan sometimes stalls on democratic reform and liberalization. However, the old guard, while still powerful, is not omnipotent, and in dealing with the Kazakhstani government, we work to strengthen and encourage the role of the progressive liberals. The best way to do that, four our long-term interests -- especially since Nazarbayev is not immortal -- is through high-level engagement.

END COMMENT.

HOAGLAND